

Attorney General of Washington **Rob McKenna**



2005 Annual Report



Message from Attorney General Rob McKenna

Dear Fellow Washingtonians,

I am proud to report that 2005 was noteworthy in many significant ways at the Attorney General's Office.

For example, our office made great strides in strengthening consumer protection, improving citizen access to public records and helping local communities fight the scourge of methamphetamine.

We intervened to defend the right of the people to participate in a top-two primary without declaring a party affiliation (Initiative 872). We also fought to continue the work to clean up Hanford, defending Initiative 297, which links further imports of nuclear waste to the federal government's clean-up of the existing waste.

This report summarizes the progress the Attorney General's Office has made on many top priorities for citizens of Washington, as well as highlights some of our legal accomplishments from the last year.

My first year as your Attorney General has been very rewarding. I have been continually impressed by the dedication to public service of my colleagues and the commitment to excellence that pervades this office. Together, we are realizing our vision of being recognized as the best public law office in the United States.



Photo by The Seattle Times

Sincerely,

Rob McKenna

Attorney General

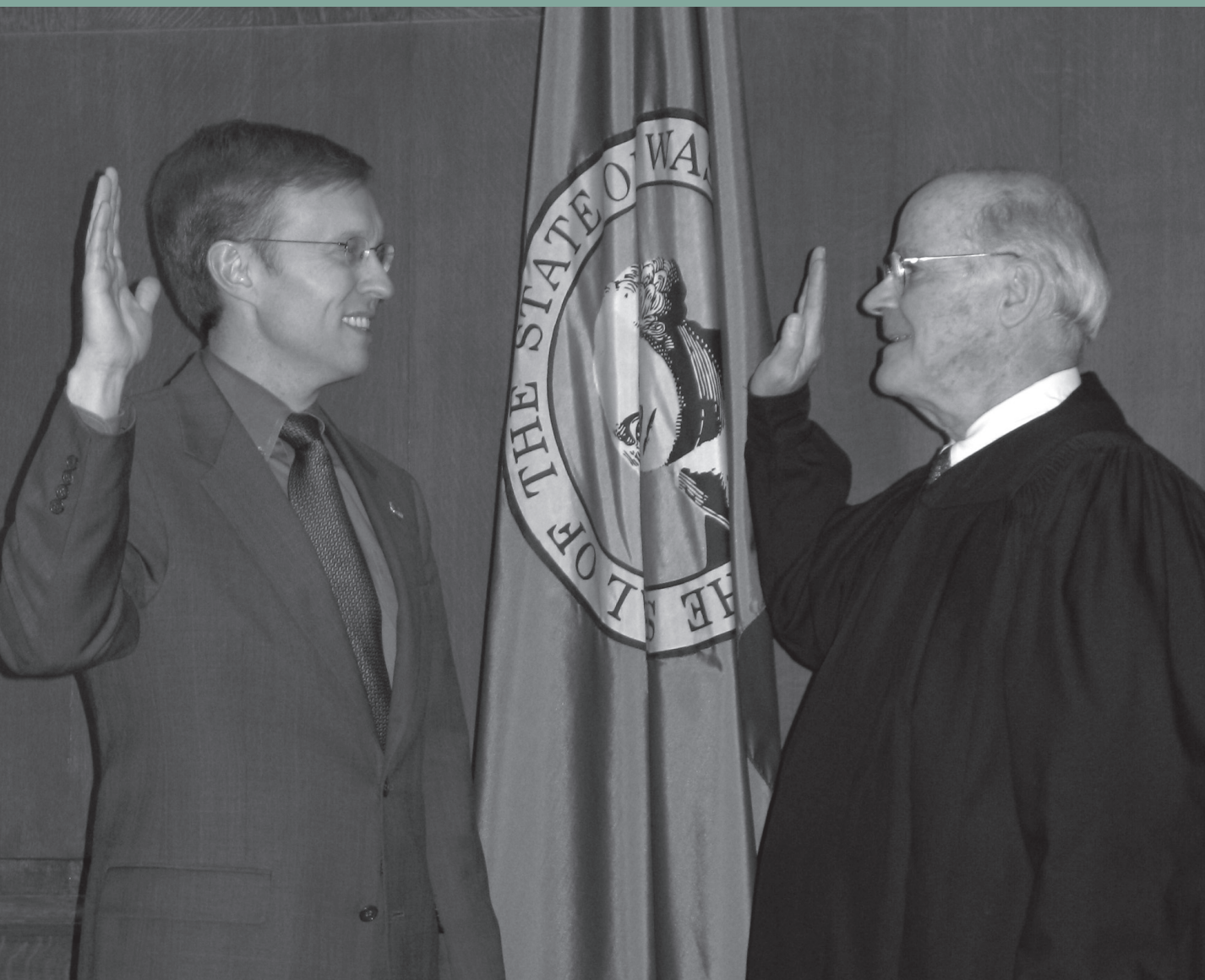
Notable Achievements of 2005

- ✓ Expanded the AGO's Consumer Protection Division to fight high-tech crimes like Internet fraud and identity theft.
- ✓ Intervened in the lawsuit against Initiative 872, the people's top-two primary initiative.
- ✓ Strengthened the Public Disclosure Act to improve public access to government records.
- ✓ Succeeded in civilly committing 19 sexually violent predators.
- ✓ Proposed a new anti-meth bill and conducted a statewide anti-meth tour to increase awareness.
- ✓ Convened Washington's first statewide summit to combat identity theft.



Rob McKenna was sworn in as Washington's 17th Attorney General on Jan. 12, 2005.

Washington AGO 2005 Annual Report



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Operation:



Methamphetamine is taking a devastating toll on communities in Washington. There has been a rise in crimes, domestic violence and environmental destruction associated with meth use.

Even worse, however, almost every day there are new reports of the increasing number of children in state custody because their parents use meth. Meth-using parents have helped drive a 62 percent increase in the foster care population over the past decade. In Washington, fewer than 30 percent of meth-addicted parents regain custody of their children.

In response to this crisis, the Attorney General's Office launched "Operation: Allied Against Meth," a three-pronged statewide anti-methamphetamine program to assist local communities in fighting the production, sale and use of meth.

Attorney General Rob McKenna speaks to students about the dangers of using methamphetamine.

Education

In May, the AGO partnered with Lead on America, a Snohomish County community-based anti-drug organization, to give presentations at high schools and middle schools around the state, talking to students about the dangers of meth use. In 2005, Attorney General McKenna personally visited eight schools and distributed more than 8,500 red "Don't Meth Around" bracelets to students.

In addition to reaching students, the AGO has begun holding community events in the evenings after the school presentations to educate community leaders, business owners, parents and other community members about how meth can destroy not only a person's life, but families and entire communities as well.

When "Operation: Allied Against Meth" was launched, the goal was set to visit every Meth Action Team in Washington by the end of the year. By achieving this objective of meeting with each of these local drug task forces, we gathered valuable information and insight into what is happening – both what is working and where assistance is needed – on the front lines in this critical battle.

Schools Visited in 2005:

Sehome High School
Kennewick High School
Davis High School
Hudson's Bay High School
Lewis & Clark High School
Ferndale High School
Horizon Middle School
Vista Middle School

State adds meth prosecutors
New hires to help counties deal with caseloads

The Olympian

Allied Against Meth

Prosecution

In July, Attorney General McKenna streamlined agency resources to free up funds to hire two new assistant attorneys general to assist counties in the enforcement and prosecution of meth-related crimes.

At the request of local prosecutors, these attorneys help charge and prosecute complex local cases, such as those involving conspiracy, RICO, property forfeiture, and economic crimes.

In Eastern Washington, for example, the Adams County Prosecutor referred a case to our office involving an officer shooting. A man, high on meth, led Othello police on a chase after being pulled over for driving without a license. The man stopped at his home, grabbed a firearm and hid in a drainage ditch. During the four-hour standoff, the man shot at two police officers, hitting one in the chest.

The AGO helped secure a guilty verdict on two counts of attempted murder in the 1st degree, along with unlawful possession of a firearm against the man.

Task Force

In August, the Attorney General's Office created the "Operation: Allied Against Meth" Task Force. The task force, made up of state and local law enforcement officials, prosecutors, business and community representatives, treatment providers and elected officials, met several times and developed a final report containing recommendations to fight the battle against meth. These recommendations were then introduced as a package to the 2006 Legislature for approval.

Allying against meth
Attorney General McKenna urges
more help from state's lawmakers

DAILY NEWS

“Many people are not aware of all the resulting impacts of meth, such as orphan drug labs and abandoned properties. Thanks to Attorney General Rob McKenna for putting together a task force to look at these issues. The recommendations submitted by the task force are a great start towards cleaning up blighted properties and meth-impacted neighborhoods.”

- Bobbi Petrone-Cassidy
Washington Association of Realtors
"Operation: Allied Against Meth" Task Force member

Preventing



Individuals' identities are their most personal possessions — it's who they are. Unfortunately, more than 5,800 Washington citizens fell victim to identity theft in 2005, according to the Federal Trade Commission, ranking Washington 7th in the nation in reports of identity theft.

In 2005, at the request of the Attorney General's Office, the Legislature appropriated a \$1.6 million increase in funding for the Consumer Protection Division, the first increase in over two decades. This funding was used to hire two new attorneys, a computer forensic expert and support staff to investigate and prosecute perpetrators of spyware, phishing and various forms of identity theft.

Internet scams such as phishing, unsolicited requests for information, and spyware are growing at a phenomenal rate. One recent survey showed that 43 percent of adults in the United States have received a phishing contact

and 5 percent of those unknowingly gave up personal information to cons. Spyware has overtaken computer viruses as the number-one threat to personal computer users.

In 2005, the Legislature also passed a bill prohibiting spyware, defined as the unauthorized installation of software programs. This new law prohibits a wide range of malicious online action, including the collecting of personal information through various means. It also authorizes the AGO to bring civil action to forbid further violations, and to recover either actual damages or \$100,000 per violation, whichever is greater.

The AGO also formed an interagency advisory panel to work together on the growing problem of identity theft.

In November, this panel convened Washington's first statewide summit to address identity theft, bringing together nearly 300 leaders from the public and private sectors to discuss how to tackle what has become the fastest-growing crime in the United States.

Law enforcement, prosecutors, identity theft victims, legislators, financial and retail institutions, government agencies, and consumer advocacy organizations were all represented.

Breach of Security
McKenna wants answers now

The Columbian

What Happens to Victims of Identity Theft?

- The average identity theft victim spends 607 hours filling out paperwork and making telephone calls to clear his or her name.
- Average out-of-pocket expenses are \$1,495, and 65 percent of the survey respondents said their case was still unresolved.
- 73 percent had a credit card account opened in their name by an identity thief.
- 27 percent of victims had fraudulent charges added to existing credit card accounts.
- The average fraudulent charge amounted to \$92,893 per name used.
- A psychologist said the emotional effect suffered by identity theft victims is equal to that of victims of violent crime.

2003 study by the Identity Theft Resource Center

Identity Theft

Their discussions centered on improving coordination, communication and legislation that would aid the criminal justice system, the private sector and victims of this growing crime. The overarching theme that emerged from the ideas presented during the summit was information – sharing it, standardizing it, disseminating it, and protecting it.

The advisory panel analyzed recommendations from the summit and produced a final report released early in 2006.

Another important tool to prevent identity theft is educating consumers. In December, the AGO participated in a “Reverse Boiler Room” in Vancouver as part of “Operation Take Charge,” a consumer education partnership between the Attorney General’s Office, the American Association of Retired People (AARP) and the FTC.

Together, AARP Fraud Fighters, seniors trained to recognize consumer scams and where to report fraudulent activity, and volunteers from the Attorney General’s Office called hundreds of seniors in Portland and Vancouver, giving them tips and information on how they can protect themselves from identity theft.

McKenna seeks to boost budget to battle ID theft, online fraud

The Seattle Times

Attorney General Hosts Washington’s First Statewide Identity Theft Summit

The Attorney General’s Office convened Washington’s first statewide summit to address identity theft in 2005, bringing together nearly 300 leaders from the public and private sectors with the shared goal of fighting identity theft in our state. The group included law enforcement, prosecutors, identity theft victims, legislators, financial and retail institutions, government agencies, and consumer advocacy organizations.

Four guest speakers were selected by the Attorney General’s Identity Theft Advisory Panel, which hosted the summit, to give brief presentations that set the tone of the meeting and helped motivate participants. Each provided a different perspective on issues surrounding identity theft.

Participants were divided into three categories based on their employment or area of expertise:

- law enforcement and prosecution
- private sector/business
- victims and consumer advocates

These groups were asked to report their suggestions for coordination and communication in a round-robin fashion. These suggestions were collected and reviewed by the advisory panel, who then prepared a brief summary report of the key strategies and approaches that were recommended.



The ID Theft Summit, Nov. 2, 2005, in SeaTac.

Ensuring



Since Washington voters approved the Public Disclosure Act over 30 years ago, state and local governments have been claiming a growing number of exemptions to public records laws. As a result, citizens have faced increasing obstacles and frustration in their efforts to gain access to government and information.

Strong “sunshine laws” are crucial to assuring government accountability and transparency.

In 2005, Attorney General McKenna proposed, and the Legislature approved, legislation to strengthen the Public Disclosure Act. The new public disclosure law balances the public’s right to access information with tools that assist governments with complying in a cost-effective manner.

The new law prohibits government agencies from denying public records requests as “overbroad.” It provides additional compliance tools to government agencies by allowing them to respond to requests on a partial or installment basis. It also helps discourage nuisance requests by allowing agencies to ask for a small copying deposit on each installment of a public records request or to cease fulfilling a request if an installment is not picked up.

Finally, the law directed the Attorney General to adopt model rules on public records disclosure to assist both records requestors and government agencies.

To ensure government remains open to the public, Attorney General McKenna hired Greg Overstreet, one of the state’s foremost public records experts, as a Special Assistant Attorney General. Overstreet’s role is to serve as an Ombudsman, assisting the public in obtaining public records from state agencies and local governments and helping agencies with compliance.

**Public records forum looks
at privacy, law**

THE SPOKESMAN-REVIEW

Attorney General McKenna on the Open Government Tour in Spokane.

Open Government Forums

Bremerton
Yakima
Wenatchee
Everett
Aberdeen
Longview
Mt. Vernon
Tri-Cities
Spokane
Olympia
Vancouver
Tacoma
Seattle

Open, Accountable Government

AG McKenna and Overstreet hosted a series of forums across the state in the summer and fall of 2005, in an effort to increase citizen involvement in government and gather input for the new model rules. They went to 13 cities around the state and heard from many local, county and state officials, members of the media, and numerous citizen activists.

The model rules, designed to reduce litigation and assist smaller local governments and citizen requestors by allowing them to avoid “re-inventing the wheel” on recurring issues, have been adopted and will be published in the Washington Administrative Code.

“ Open government has been a high priority for Rob McKenna ever since he became Washington state’s 17th attorney general in November.

McKenna proved his devotion to the cause in the recent legislative session when he led the effort to update the state’s Public Disclosure Act. ”

- Columbian editorial

Summary of AGO Public Disclosure Act of 2005

- ✓ Improves access to public records by, for example, eliminating the “overbroad” exemption.
- ✓ Gives agencies some common-sense flexibility mechanisms, such as the ability to provide records in installments.
- ✓ Allows an agency to stop assembling records if a requestor does not pick up the first installment.
- ✓ Imposes a one year statute of limitations for certain public records related suits.
- ✓ Authorizes the Attorney General’s Office to adopt voluntary model rules for public records. These “best practices” will help agencies and local governments, especially small ones, with public disclosure compliance.

Public says those files are ours
Attorney General hears support from those attending Yakima forum on government records





2005 Legal Highlights

Saving Money for Taxpayers

Seacoast Towing

In this case, the Transportation and Public Construction Division worked with the Washington State Department of Transportation (WSDOT) to recover nearly \$1 million in taxpayer funds used to repair the SR 520 floating bridge after a barge hit it in 2000.

Following a trial the federal district court awarded \$105,000 to WSDOT after finding that Seacoast Towing was entitled to limit its liability to the value of the tug boat. We appealed the damage award. In September 2005, a Ninth Circuit panel issued a decision in favor of WSDOT. The panel returned the case to the district court for further proceedings.

Verizon Northwest General Rate Case

In 2004, Verizon Northwest filed its first general rate case in Washington in 22 years. The company requested an increase in revenue in Washington of \$110 million per year; this would have increased residential phone rates by 75 percent.

The Public Counsel Unit retained financial experts to review the request and, ultimately, filed testimony on behalf of consumers challenging the size of the increase. After testimony was filed, an all-party settlement was reached, limiting the revenue increase to \$38.6 million to be imposed in two steps, in May 2005 and July 2007. The second step may be reduced, depending upon Federal Communication Commission action on issues regarding specific universal support revenues.

WorldCom

In this litigation, the Government Operations Division worked with the Washington State Investment Board and outside counsel in their filing of a separate action from the national class action lawsuit against WorldCom.

The State Investment Board negotiated a \$16.4 million settlement, significantly more than the \$718,000 settlement that would have been recovered by remaining as a class member in the national lawsuit.

Gallo v. DLI

This consolidated case was brought by several injured workers against the Department of Labor and Industries, defended by the Labor and Industries Division. The workers argued that employer-provided fringe benefits and employer contributions to retirement plans, life insurance and disability insurance should be considered “wages” for purposes of calculating injured workers’ time loss compensation and pension benefits.

The Supreme Court disagreed, and issued a decision in favor of the state. Had the court decided these benefits were wages, it would have had a significant impact on the state’s industrial insurance funds (and possibly an impact on the premiums paid by employers), which in turn could harm the state’s economy.

Benefits for Washington Taxpayers by select AGO Divisions in 2005*

- \$ The Antitrust Division: \$19,045,887
- \$ The Bankruptcy and Collections Unit: \$8,414,416
- \$ The Consumer Protection Division, including CRC “mediation” results, litigation results and Lemon Law results: \$11,413,815
- \$ The Medicaid Fraud Control Unit: \$9,132,280

*Fiscal Year 2005 July 1, 2004-June 30, 2005

Safeguarding Consumers

S St. Regis Diploma Mill

The Consumer Protection office in Spokane, in coordination with the United States Attorney's office, Secret Service, Spokane Police Department, Immigration and Customs Enforcement, IRS, and other agencies, shut down St. Regis diploma mill. Headquartered in the Spokane area, St. Regis received federal indictments involving millions of dollars for awarding a multitude of false diplomas.

Also of concern to the U.S. Department of Homeland Security was that a substantial number of diplomas were awarded to foreign nationals who could use, or have used, these diplomas to obtain visas to enter the United States. As the task force proceeds on the criminal prosecutions, work is ongoing with government agencies and other employers who have hired, promoted or given salary increases to employees with phony degrees.

M Medicaid Fraud

In 2005, the Criminal Justice Division's Medicaid Fraud Control Unit litigated 21 cases in Washington, resulting in more than \$1,178,989 in fines, costs and restitution.

In addition, the unit is a leader in national cases involving all the states' Medicaid programs. More than \$430 million in fines, restitution and penalties were ordered in the Parke-Davis cases, where Washington led the investigation and prosecution and received \$4 million. Serono Laboratories pled guilty in federal court and paid in excess of \$700 million in a settlement with all states, with Washington's portion exceeding \$2.9 million.

Total unit recoveries for 2005 were \$9,016,649.

E Energy Overcharges

The Antitrust Division has settled several cases related to the energy crisis of 2000-2001.

In 2005, a settlement was reached with the Enron companies, allowing a \$22.5 million claim for direct or indirect consumer relief in the bankruptcy proceedings. The amount of actual cash to be received is estimated at approximately \$5 million, but will vary depending on the amount available from the Enron bankruptcy estate. A settlement was also reached with Reliant Energy, providing for \$3.5 million to be paid for the direct or indirect benefit of consumers in the state of Washington. Additionally, El Paso elected to accelerate its final payments from a prior settlement. Consequently, in 2005 \$7.5 million was distributed directly to commercial and industrial customers. Including the cases settled in 2005, energy case settlements now total more than \$41 million paid, or expected to be paid, from five companies.

P Pharmaceutical Business Practices

Litigation brought by the Antitrust Division in 2005 resulted in restitution to Washington consumers and state agencies, and free drugs for low-income consumers.

Washington consumers will receive approximately \$170,000 and agencies will receive approximately \$80,000 from Organon. This antitrust litigation settlement alleged that Organon attempted to delay generic competition for the antidepressant Remeron.



Similarly, in the Relafen antitrust litigation, involving the anti-inflammatory drug Nabumetone, Glaxo Smith Kline agreed to a settlement that provided \$333,195 for Washington's Medicaid program and state hospitals.

The AGO prevailed in the appeal of the 2003 Cardizem case, so in 2005, nearly 1,200 Washington consumers received total payments of \$402,903 and state agencies received \$135,660.

The last step in the Taxol litigation was taken when \$97,605 was distributed to several cancer support organizations throughout the state by the Attorney General's Office. Free Taxol was also made available to low-income patients.

Nationscapital Mortgage Corporation

This case, handled by the Government Compliance and Enforcement Division, involves a pending appeal of a Department of Financial Institutions (DFI) Order finding that Nationscapital and certain of its principals employed unfair and deceptive loan practices in schemes to defraud or mislead borrowers. DFI awarded more than \$1.4 million in combined restitution, fines and fees.

West Coast Towing

In 2005, the 9th Circuit Court of Appeals upheld the state law prohibiting "patrol towing." The decision, secured by the Licensing and Administrative Law Division, allows the Department of Licensing to continue to protect the public from this stealth-like activity of seizing vehicles left momentarily unattended. Property owners are now required to authorize the removal of a vehicle in writing at the time and place of the impound.

Telecommunications Company Unfiled Agreements Case

The Washington Utilities and Transportation Commission, represented by the Utilities and Transportation Division, levied its largest fine ever in 2005. The \$7.8 million fine against Qwest was for failing to file with the commission its business contracts with rival carriers who use Qwest's telephone network, as well as for not disclosing certain agreements reached with other competitive telephone companies.

This money will be used to provide home energy assistance to low-income energy customers, through an Inter-Agency Agreement between the commission and the Department of Community, Trade and Economic Development.



Telemarketing Fraud

Following up on reports that telemarketing fraudsters frequently used Western Union to move funds from victims to the scammers (who often are located outside the United States), the Consumer Protection Division co-led a small group of states in conducting a survey of Western Union customers. They determined a high incidence of telemarketing fraud takes place in foreign transfers.

Based on survey results, Western Union agreed to improve its consumer anti-fraud efforts by devoting about 30 percent of its "send form" to warning consumers about telemarketing fraud. They also agreed to fund an \$8.2 million dollar grant to a national non-profit organization to establish and operate an anti-telemarketing fraud education program for vulnerable consumers.

Improving Public Health and the Environment

Hanford

The Ecology Division continues to represent the state in defending the constitutionality of Initiative 297, passed by Washington voters in November 2004 (the “Cleanup Priority Act”). The law promotes the effective and quick cleanup of contaminated mixed waste facilities, such as Hanford.

The United States Department of Energy challenged the law as unconstitutional. In July, the division obtained a favorable ruling from the Washington Supreme Court interpreting key provisions of the law. A federal district court ruling on the constitutionality of the law is expected in Spring 2006.

Oil Spill Recoveries

Through settlement and litigation, the Ecology Division assisted the Department of Ecology in collecting nearly \$200,000 in natural resource damages arising from oil spills in Washington state. All monies collected for such natural resource damages are paid into the Coastal Protection Fund, which is used solely for environmental restoration, enhancement and investigations.



Quarantine Order

In 2004, the Washington State Veterinarian quarantined four horses that were imported from the U.S. Virgin Islands. When the horses reached Washington, follow-up testing showed the horses were infected with a foreign parasitic animal disease carried by ticks.

The Washington State Department of Agriculture (WSDA) was highly concerned about the potential impacts to the health of local horses and Washington’s horse industry. The Agriculture and Health Division defended the quarantine order and a subsequent order imposing treatment and testing conditions. The Final Order affirmed WSDA’s interpretation of Washington’s animal health laws and rules and upheld the quarantine and conditions imposed.

Pipeline Safety

The Washington Utilities and Transportation Commission, represented by the Utilities and Transportation Division, reached an agreement with Puget Sound Energy to conduct a large-scale review of its tens of thousands of steel gas lines for corrosion across Western Washington, as well as pay a \$90,000 penalty for a September 2004 natural-gas explosion that killed a Bellevue woman.

Implementation of Tobacco Settlement

The Revenue Division, and a tobacco team, continue to play an important role in the implementation of the historic tobacco Master Settlement Agreement (MSA). The division enforces a law that requires escrow payments from cigarette manufacturers that have not joined the MSA. The escrow payments provide a fund for potential claims and help to ensure that there is no competitive advantage to manufacturers that have not signed the MSA.

The division also maintains an important AGO website that lists “certified” manufacturers, and thereby ensures that non-compliant manufacturers cannot sell cigarettes through retailers in this state.

Protecting the Public

Child Pornography

The Solicitor General's Office defended a challenge to the constitutionality of the state law, which prohibits child pornography. The federal district court entered summary judgment in favor of the state and upheld the law. The plaintiff appealed the decision to the Ninth Circuit Court of Appeals, which affirmed the district court and upheld Washington's law.

Child Welfare Litigation

In 2005, the attorneys representing the Department of Social and Health Services had more than 6,700 open dependency cases, protecting more than 11,300 children from abuse or neglect in their home environments.

When it is not possible to reunite children with their parents, legal action is initiated to permanently place children elsewhere. There were 1,560 guardianship and 710 termination cases open in 2005. There has also been a significant increase in such cases relating to methamphetamine use.

Sexually Violent Predators

The Criminal Justice Division's Sexually Violent Predator Unit succeeded in civilly committing 19 sexually violent predators in 2005, the largest one-year number ever. As a result of their commitment, these individuals will remain in in-patient treatment until they are deemed safe to return to the community.

Death Penalty Cases

The Criminal Justice Division's Habeas Corpus Unit is currently litigating four death penalty cases at the federal court level on petitioners' requests for habeas corpus relief. Two of these are pending at the Ninth Circuit Court of Appeals and in both, the conviction and the death sentences were upheld at the district court level.





Office Overview

Washington State Office of Attorney General

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The Washington State Attorney General's Office is made up of 26 divisions located in 12 different cities across the state. The office consists of 500 attorneys and more than 600 other employees providing legal services to more than 230 state agencies, boards and commissions.

According to state law, the Office of the Attorney General is responsible for representing the state of Washington, its officials, departments, boards, commissions, and agencies. Its specific duties include:

- Representing the State of Washington before the Supreme Court, the Court of Appeals and trial courts in all cases that involve the state's interest.
- Advising the Governor, members of the Legislature and other state officers on legal issues, and when requested, giving written opinions on constitutional or legal questions.
- Protecting the public by upholding the Consumer Protection Act, enforcing laws against anti-competitive business practices, representing the public interest in utility matters, and protecting the environment as Counsel for the Environment siting energy facilities.
- Investigating and prosecuting persons accused of crimes if requested to do so by the Governor or a county prosecutor.

AGO Mission

“ As an independent constitutional office, and legal counsel to state government, we serve the citizens of Washington with the highest standards of excellence, ethics and effectiveness. ”

AGO Vision

“ For the Office of the Attorney General to be recognized as the best public law office in the United States. ”

AGO Values

Excellence and effectiveness through:

- Transparency
- Honesty
- Respect
- Innovation
- Competition
- Ethics

Office Overview



Agriculture & Health

The Agriculture and Health Division provides legal advice and litigation services to:

- Department of Agriculture
- Department of Health and its associated boards, commissions and committees
- State Board of Health
- Health Care Authority
- 24 commodity commissions
- Department of Community, Trade and Economic Development
- Department of Archeology and Historic Preservation
- Northwest Compact on Low-Level Radioactive Waste Management
- Home Care Quality Authority
- Life Sciences Discovery Fund Authority

The division oversees health care practitioners and facilities, regulation of activities posing threats to human health, such as food processing, the safety of public drinking water and the disposal of low level-radioactive materials.

The division advises the Health Care Authority and Public Employees Benefits Board with respect to state employees' health care benefits, the Basic Health Plan and a program for reducing prescription drug costs for qualified seniors and low-income individuals.

Antitrust

The Antitrust Division enforces state and federal antitrust laws. The majority of the division's work focuses on representing consumers and state agencies in litigation seeking compensation for violations of antitrust laws. The division also provides legal counsel to state agencies concerning antitrust-related matters.

Bankruptcy and Collections

The Bankruptcy and Collections Unit encourages voluntary compliance with the state's tax laws by supporting the efforts of state agencies to aggressively pursue money owed to the state. Most of the money is owed for delinquent sales and business and occupation taxes, industrial insurance premiums and unemployment fund contributions.

The unit primarily represents the departments of Revenue, Labor and Industries and Employment Security. The vast majority of the unit's work consists of handling bankruptcy litigation in cases under Chapter 11 and Chapter 13 of the federal Bankruptcy Code. The unit also handles a significant number of collection actions against the bonds of contractors who are delinquent in tax payments.

In conjunction with representing various state agencies in bankruptcy and collection actions, the unit devotes substantial resources to training tax agency personnel who handle bankruptcy and collections claims.

Complex Litigation

The Complex Litigation Unit assists AGO divisions with litigation that requires unique resources because of complexity or sensitivity. The work is hands-on and collaborative, and typically includes class actions, multi-party lawsuits and multi-claim lawsuits. The unit has assisted in cases covering issues such as Medicaid funding, employment, the environment, elections, foster care, unfunded mandates, pensions, and school funding. These complex and costly cases represent significant exposure for state agencies.

Consumer Protection

The Consumer Protection Division enforces consumer protection laws to help keep the Washington marketplace free from unfair and deceptive practices. The division investigates and files legal actions to stop these practices, recovers refunds for consumers and imposes penalties on offending businesses.

Office Overview

2005 AGO Consumer Protection Highlights:

- Fielded more than 143,000 phone calls.
- Greeted nearly 1,700 “walk-ins.”
- Processed 20,000 complaints, resulting in nearly \$6 million in restitution to Washington consumers.
- The Lemon Law program handled more than 15,000 phone calls.
- Provided 3,500 arbitration packets.
- Handled 165 arbitrations, resulting in \$4 million in refunds and vehicle replacements to Washington consumers.

The division also facilitates the informal resolution of consumer problems by notifying businesses of written complaints and mediating them. It provides information and education to businesses and to the public on consumer rights and issues, and sends out alerts and press releases when consumers or businesses are targets of fraudulent or predatory activities.

The division is also responsible for the administration of Washington’s Lemon Law for new motor vehicle warranty enforcement. The services include arbitration to resolve consumer and manufacturer warranty disputes, consumer and industry education and enforcement of manufacturer and dealer obligations.

Criminal Justice

The Criminal Justice Division advises and represents the Washington State Patrol, Department of Corrections, the Indeterminate Sentence Review Board, Criminal Justice Training Commission, the Sentencing Guidelines Commission, the Governor’s Clemency and Pardons Board, and the Governor in all extraditions and detainers.

The division investigates and prosecutes significant crimes when requested by local authorities or the Governor. Division staff maintain the Homicide Investigation and Tracking System (HITS), an immense and searchable data “warehouse” of information about violent crime and offenders that is used to solve crimes and apprehend criminals. The division also represents the state in the Sexually Violent Predator Civil Commitment proceedings in 38 of 39 counties.

Finally, the Medicaid Fraud Control Unit, an investigative and prosecutorial unit within the division, investigates and prosecutes both health care provider fraud and the criminal abuse and neglect of residents in Medicaid-funded facilities. The unit maintains and updates a statewide vulnerable adult contact network to assure that resident abuse referrals and support resources go to the appropriate law enforcement agency.

Ecology

The Ecology Division represents the Department of Ecology, Puget Sound Action Team, Pollution Liability Insurance Agency, the State Conservation Commission, and Oil Spills Advisory Council. The division works to resolve environmental problems and disputes and provides advice on permitting, legislation, rule-making, and enforcement matters.

Much of the division’s practice is focused on water allocation and management and cleanup of contaminated sites. The division also assists the Department of Ecology in oversight of the United States Department of Energy’s cleanup of the radioactive and hazardous waste at the Hanford Nuclear Reservation.



Office Overview



Education

The Education Division serves the Office of the Superintendent of Public Instruction, nine area-wide educational service districts, the State Board of Education, and Professional Educator Standards Board.

In addition, the division provides a full range of legal services to more than 40 higher education clients, including: three regional universities, The Evergreen State College, 28 community colleges, five technical colleges, the Higher Education Coordinating Board, State Board for Community and Technical Colleges, Council of Presidents, and Center for Information Services.

Fish, Wildlife & Parks

The Fish, Wildlife and Parks Division represents and advises the Washington Department of Fish and Wildlife and the State Parks and Recreation Commission in civil and criminal matters. The division also represents the state in certain complex natural resource litigation and sometimes assists local prosecutors in the prosecution of fish and wildlife-related crimes.

Legal services typically relate to fish and wildlife resource management, habitat protection, land use, tribal issues, hydropower licensing, law enforcement, land acquisition and management, endangered species, water rights, and public works.

Government Compliance & Enforcement

The Government Compliance and Enforcement Division provides representation and legal advice to:

- State Auditor
- State Insurance Commissioner
- Department of Financial Institutions
- Gambling Commission
- Horse Racing Commission
- Human Rights Commission
- Office of Minority and Women's Business Enterprises
- Joint Legislative Audit and Review Committee

The division also prosecutes enforcement and forfeiture violations for the Washington State Patrol, Public Disclosure Commission, State Lottery, Liquor Control Board, State Executive Ethics Board, Legislative Ethics Board and the Professional Guardian Board of the Administrator for the Courts. It also prosecutes professional licensing actions for the Department of Health.

Government Operations

The Government Operations Division handles the litigation for, and provides legal advice to, more than 40 state agencies and elected officials. Some of the division's larger clients include:

- State Treasurer
- Department of Retirement Systems
- General Administration
- Department of Information Services
- Department of Personnel
- Military Department
- State Investment Board
- Energy Facility Site Evaluation Council
- Office of Financial Management
- Washington State Convention and Trade Center
- Some divisions and programs of the Secretary of State

Office Overview

Labor & Industries

The Labor and Industries Division provides litigation support and legal advice to the Department of Labor and Industries (L&I). The members of this division handle a high volume of industrial insurance cases and cases involving workplace safety, wage claims, labor issues, contractor and building issues, and crime victims claims.

Individual attorney caseloads typically represent several million dollars in exposure to the state's industrial insurance funds, and the cases present complex medical, vocational and legal issues. Division attorneys also represent L&I in regulatory actions and provide client advice.

Labor & Personnel

The Labor and Personnel Division provides centralized employment and personnel-related legal services and expertise to Washington state agencies, boards, commissions, and institutions of higher education. The attorneys in the division provide substantial client advice on a variety of employment issues, including wage and hour law, disability and reasonable accommodation, employee misconduct and discipline, workplace safety, and labor relations.

The division also provides legal representation before a number of administrative personnel boards, labor commissions and superior and appellate courts.

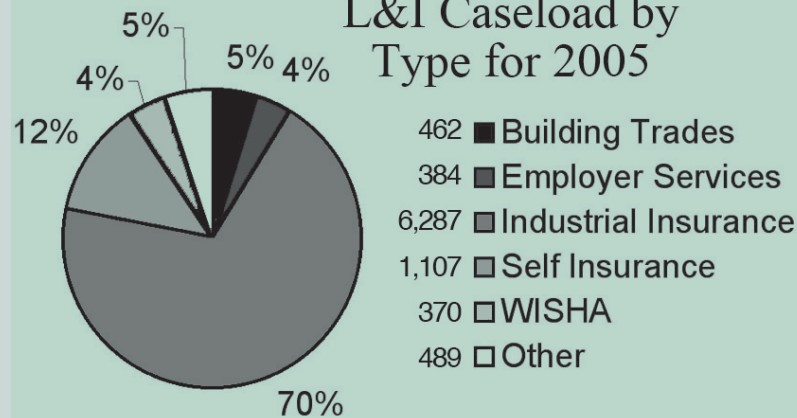
Licensing & Administrative Law

The Licensing and Administrative Law Division advises and represents a wide variety of smaller state agencies, such as the Liquor Control Board, Public Disclosure Commission, Washington State Lottery, and Executive Ethics Board. The division also represents two large state agencies, the Department of Licensing and the Employment Security Department.

The division's legal practice has developed expertise for the AGO in Public Records law, Open Public Meetings law, the Administrative Procedure Act, due process, and regulatory law issues.

The Licensing and Administrative Law Division.

L&I Caseload by Type for 2005



Office Overview



Natural Resources

The Natural Resources Division represents the Commissioner of Public Lands, Department of Natural Resources, Board of Natural Resources, Forest Practices Board, and other related boards and committees.

The division provides a broad spectrum of client advice, dispute resolution and litigation services to an agency that manages more than 5 million acres of forest, range, commercial, agricultural, and aquatic lands. It has fire protection and public resource protection responsibilities on 12 million acres of state and private forest lands. The division also supports the agency in its efforts to regulate surface mining, provide technical assistance for forestry and mining and administer several programs designed to protect riparian areas, Natural Resource Conservation Areas and Natural Area Preserves.

Public Counsel

The Public Counsel Unit represents consumers who would not otherwise have an effective voice regarding the rates, services and business practices of the investor-owned telephone, electric and natural gas utilities operating in the state—such as Qwest, Verizon Northwest, Puget Sound Energy, and Avista.

Public Counsel advocates for the interests of consumers in major rate cases, mergers and other cases and rulemakings before the Washington Utilities and Transportation Commission, as well as through technical study groups, in court appeals and before the Legislature and other policy makers.

The office maintains contact with the public through a citizen advisory committee, community organizations, public hearings, and personal contact with consumers in major cases.

Regional Services

The Regional Services Division consists of seven offices that are the “face of the AGO” in Bellingham, Everett, Port Angeles, Vancouver, Kennewick, Yakima, and Wenatchee. These offices provide a variety of legal services for a number of client agencies, such as the Department of Social and Health Services, Department of Labor and Industries, Employment Security Department, and Department of Licensing.

The Regional Services Division represents and advises educational institutions and several Educational Service Districts, as well as the School for the Deaf and the School for the Blind.

Revenue

The Revenue Division provides legal services to the Department of Revenue (DOR), which administers and collects the state’s excise taxes. The division also provides legal services related to DOR’s administration of the state’s property tax system, its assessment of operating property owned by public utilities and its administration of the state’s estate tax and unclaimed property law. The division principally defends DOR against excise tax refund claims.

The division also handles property and miscellaneous tax litigation and advises DOR on tax and general governmental matters.

Office Overview

Attorney General Regional Services Office Locations:

Bellingham
Everett
Kennewick
Port Angeles
Vancouver
Wenatchee
Yakima

Social & Health Services – Olympia

The Social and Health Services Division in Olympia provides legal services to the Department of Social and Health Services, which administers a variety of federally and state-funded programs to protect the general public and assist those who are unable to provide for themselves. Programs include:

- Income and medical assistance
- Children's services
- Child support
- Mental health services
- Developmental disabilities
- Juvenile rehabilitation
- Alcohol and drug rehabilitation
- Vocational rehabilitation
- Nursing home surveys
- Adult protective services
- Home and community care services
- Other related community social service program activities

The Social and Health Services Division also provides legal support to the Department of Veterans Affairs and the Department of Services for the Blind.

Social & Health Services – Seattle

The Social and Health Services Division in Seattle provides legal representation to the Department of Social and Health Services in King County. The division primarily handles litigation at the administrative, superior court and appellate court levels.

Most of the cases involve juvenile dependency or termination of parental rights cases. The remaining cases include foster care, day care and adult family home licensing and adult protective services guardianships and protection orders. Approximately one-third of the juvenile appeals statewide are handled by the division.

AG McKenna with Chief of Staff Milt Doumit, Solicitor General Maureen Hart and Chief Deputy AG Craig Wright.



Office Overview



S Spokane

The Spokane Division provides a wide range of legal services in eastern Washington to many agencies and institutions of state government, such as the Department of Social and Health Services, Department of Labor and Industries, Department of Licensing, and various institutions of higher education. Nearly all consumer protection functions for the eastern half of the state are located in the Spokane office.

The office also handles Medicaid fraud criminal cases in eastern Washington while other investigators assist local jurisdictions in investigating homicide and other major crimes.

T Tacoma

The Tacoma Division provides a wide range of legal services in matters arising out of Pierce and Kitsap counties to many agencies of state government, including the departments of Social and Health Services and Labor and Industries, as well as Licensing and Administrative Law work.

T Torts

The Torts Division defends tort claims and lawsuits against all state agencies, officers and employees. The majority of cases are based on actions brought under theories of liability for state actions such as highway design, release of inmates, injuries on state property, medical malpractice, employment, child care and custody, auto accidents, maritime injuries, false arrests and unreasonable force. In fiscal year 2005, the division resolved 65 percent of its cases with zero payout.

Torts attorneys also provide legal and risk management advice to the Office of Financial Management and state agencies on tort matters.

T Transportation & Public Construction

The Transportation and Public Construction Division represents the Washington State Department of Transportation as it designs, constructs, operates, and maintains Washington's highway system and other transportation operations, including ferries, rail, aviation, freight transport, and public transportation. Other client agencies include the Washington Transportation Commission, Board of Pilotage Commissioners, County Road Administration Board, Transportation Improvement Board, Washington Traffic Safety Commission, and Freight Mobility Strategic Investment Board.

Division attorneys also use their experience in eminent domain, contracts, construction, land use and environmental law to support the construction activities of other state agencies, including the Department of Corrections and colleges and universities.

U University of Washington

The University of Washington Division provides legal services to the University of Washington, which includes campuses in Seattle, Bothell and Tacoma, more than 35,000 students, 15,000 employees, and two major medical centers.

The division provides legal advice and representation across a broad spectrum, including employment law, labor relations, student affairs, real estate, business law, intercollegiate athletics, public finance, bonds, intellectual property, tax, benefits, constitutional law, gifts and trusts, and health care law. The division's mission is to serve the university — and the students, patients and citizens who benefit from its teaching, healthcare and research — by assuring that the university receives legal advice and representation that meets the highest professional standards.

Office Overview

Public Records Unit

The Public Records Unit handles all public records requests made to the Attorney General's Office.

In 2005, the unit handled 276 public records requests and produced 66,581 pages in response.

A special assistant attorney general was appointed to serve as a Public Records Ombudsman, assisting citizens in obtaining public records from state agencies and local governments, as well as training state and local officials on compliance.

Utilities & Transportation

The Utilities and Transportation Division provides legal services to the Washington Utilities and Transportation Commission. The commission regulates the rates, services and practices of a wide range of services, including:

- Telecommunications (excluding wireless, Internet and cable companies)
- Electricity and natural gas
- Solid waste collection
- Water
- Pipelines
- Railroad carriers and facilities
- In-state household movers
- Private ferries
- Bus companies

New market conditions, technology, federal and state laws, and consumer expectations make for an ever-changing policy and legal landscape.

Washington State University

The Washington State University Division provides a full range of legal services to the state's land grant university. The division provides advice on a host of legal issues, many of which are unique to an academic environment.

Attorneys provide assistance relating to:

- University research and intellectual property
- The university's statewide Extension Program (including 4-H programs)
- Athletics and NCAA compliance
- Various student rights and programs
- State residency for tuition purposes
- All aspects of personnel/employment law, including faculty tenure and promotion
- University development
- Environmental health and safety
- Public contracting
- Constitutional rights
- Veterinary training and services
- Real estate and other transactions
- Capital planning and development

The Utilities and Transportation Division.



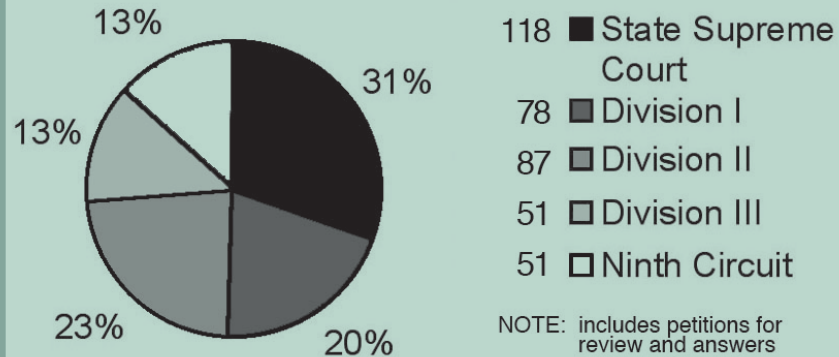


Solicitor General's Office

The Solicitor General's Office (SGO) provides the following services within the Attorney General's Office:

- Coordinates the office's involvement with cases in the United States Supreme Court.
- Assists attorneys in the Attorney General's Office in preparing and presenting appellate cases in state and federal court, and directly handles select appeals.
- Prepares and issues Attorney General Opinions.
- Coordinates the office's involvement with *amicus curiae* "Friend of the Court" briefs in all courts.
- Carries out the Attorney General's duties with respect to the preparation of ballot titles and explanatory statements, and represents the state in litigation involving the powers of initiative and referendum.
- Coordinates legal advice on issues of statewide significance.
- Serves as legal counsel to the Secretary of State, Lieutenant Governor and Administrative Office of the Courts.

2005 Appellate Filings by Court



A large part of the responsibility of the SGO is to consult with other divisions of the office concerning appellate practice, as well as coordinate the state's legal position on appeal and the office's client advice on issues of statewide significance.

The SGO also has primary or exclusive responsibility for several major cases, and a secondary role in dozens of others. Finally, these attorneys provide a great deal of legal advice through the preparation of formal opinions and interpretative memoranda, consultation with other divisions and direct counsel to agencies.

The Solicitor General serves as the chair of the AGO Ethics Committee, the office's primary resource on matters of professional conduct, and as liaison to the Washington State Bar Association.

To view Opinions issued by the Attorney General's Office, visit: www.atg.wa.gov/opinions/index.shtml

The Solicitor General's Office



Awards and Honors

Washington “Super Lawyers”

Solicitor General Marnie Hart, Senior Assistant Attorney General Bill Collins and Senior Assistant Attorney General Jim Pharris were honored by *Washington Law & Politics* in 2005 as “Super Lawyers” in Washington.

Washington Law & Politics recognizes Washington lawyers who have attained a high degree of peer recognition and professional achievement. Only five percent of the lawyers in Washington are named “Super Lawyers.”

“Rising Stars”

Assistant Attorney General Melissa Bartholomew and Assistant Attorney General Maia Bellon were on *Washington Law & Politics* 2005 list of Washington Super Lawyers – “Rising Stars.”

Rising Stars are outstanding young attorneys in Washington who are age 40 or younger or have been in practice for 10 years or less. Only 2.5 percent of the attorneys in Washington are selected as “Rising Stars.”

Pro Bono Law Firm of the Year

The Attorney General’s Office was recognized by Thurston County Volunteer Legal Services as the Pro Bono Law Firm of the Year.

Extra Mile Team Award

In coordination with WSDA’s Food Safety and Animal Health Division’s Management Team, Senior Counsel Jerri Thomas received an Extra Mile Team Award from the State Productivity Board during Public Service Recognition Week. Thomas was chosen for her work with WSDA and USDA related to the discovery of an animal infected with BSE (“Mad Cow” disease) and the coordinated response to the avian influenza outbreak in British Columbia.

Volunteer of the Year

Cheri Elliott, a paralegal in the Government Compliance and Enforcement Division, received the 2005 Volunteer Clinic Administrator of the Year award from Thurston County Volunteer Legal Clinic.

Chapter Member of the Year

The King County Chapter of Washington Women Lawyers awarded Assistant Attorney General Erika Uhl, of the Licensing and Administrative Law Division, its Chapter Member of the Year award.

Outstanding Volunteer

Office Administrator Evelyn Dunagan, of the University of Washington Division, was named Outstanding Volunteer by the Puget Sound Chapter of the Association of Legal Administrators, and was later selected to be the group’s next president.

Board of Directors

Assistant Attorney General Lori Oliver, of the University of Washington Division, was elected to the Board of Directors of the Washington State Society of Healthcare Attorneys for 2005-2006.

Rules of Professional Conduct Committee

In her third year on the WSBA Rules of Professional Conduct Committee, Assistant Attorney General Pamela Anderson, of the Agriculture and Health Division, was elected to chair the committee.

Statute Law Committee

The Board of Governors of the Washington State Bar Association appointed Assistant Attorney General Joe Panesko, of the Natural Resources Division, to be a member of the Statute Law Committee.

Rising Stars



Maia Bellon
Assistant Attorney General
Ecology Division



Melissa Bartholomew
Assistant Attorney General
Social & Health Services Division

Attorney General's Office Locations

Bellingham

103 E Holly St, Ste 310
Bellingham, WA 98225
(360) 676-2037

Everett

3501 Colby Ave, Ste 200
Everett, WA 98201
(425) 257-2170

Kennewick

500 N Moran St, Ste 1250
Kennewick, WA 98336
(509) 734-7285

Olympia

1125 Washington St SE
Olympia, WA 98504-0100
(360) 753-6200

Port Angeles

115 E Railroad, Ste 306
Pt. Angeles, WA 98362
(360) 457-2711

Pullman

332 French Admin Bldg
Pullman, WA 99164-1031
(509) 335-2636

Seattle

900 Fourth Ave, Ste 2000
Seattle, WA 98164-1012
(206) 464-7744

Spokane

1116 W Riverside Ave
Spokane, WA 99201-1194
(509) 456-3123

Tacoma

1019 Pacific Ave
Tacoma, WA 98402
(253) 597-3832

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1220 Main St, Ste 549
Vancouver, WA 98660
(360) 759-2100

Wenatchee

18 S Mission, Ste 300
Wenatchee, WA 98801
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Yakima

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